

Investor Insights and Outlook

VOLUME 8, ISSUE 2

What the Battle Over “The Fiduciary Rule” Means to Investors

The endless legislative sideshow in Washington D.C. may have actually resulted in a positive outcome for the public. It did not come in a way that many had hoped. In fact, to find the “happy ending” here is an exercise in searching for the silver lining to a large and complicated dark cloud.

Entering 2017, investment firms across The United States were preparing to comply with Department of Labor’s (DOL’s) proposed “fiduciary rule”. The rule was designed to make sure that professional financial advice was always made in the best interests of the client without any conflicts of interest. Adherence to this higher standard of care was to take effect on April 10, 2017. In February the fiduciary rule ran into a road block when an executive order was signed that effectively halted the DOL’s new rule from taking effect. I will spare you the details of the endless back and forth that has taken place in Washington D.C. in the period between then and now. What you need to know is that not a lot has changed in the law.

Now you may be asking, “Didn’t you say something about a ‘positive outcome’ or ‘silver lining?’” Yes I did. Whether or not the rule is ever fully implemented,

the language of the best-interest standard has worked its way into the public dialogue. A movement has begun with regards to greater transparency around compensation for financial consultants, and it will likely continue. I am optimistic that the resulting industry landscape will be one of greater faith in a profession more worthy of the public trust.

If that “good news” seems a bit too distant or abstract for you, I have some immediate and actionable news. There are already places where an investor can go and be confident that their advisor is being held to the fiduciary standard. To find this level of care, you need look no further than the offices of a Registered Investment Advisor (RIA).

Whether or not the DOL ruling ever goes into full effect, we RIAs already adhere to the fiduciary standard and thereby always act in our clients’ best interests. This concept is not new to us. This higher standard has always been in place for all clients at RIA firms. We have always had a legal and ethical obligation to put the interests of our investors first.

Inside this issue:

What the Battle Over “The Fiduciary Rule” Means to Investors	1
Self-Defense Techniques to Guard Against Identity Thieves	2-3
Fiduciary Rule (Cont’d)	4



Continued on Page 4

Self-Defense Techniques to Guard Against Identity Thieves

The recent news surrounding the Equifax data breach has sharply raised people's awareness of possibility of identity theft. When large institutions are being successfully hacked by cyber-criminals, it is for easy for us average citizens to feel helpless against such a threat. Sadly, the perpetrators of these hacks are sophisticated and there is little that can be done to *completely eliminate* such threats. That does not mean that we shouldn't try.

My family has a very large dog named Brutus in our home (in addition to an electronic security system and some old-fashioned deadbolts) for protection. The fact is that Brutus is an absolute sweetheart. I joke that if he had thumbs, he would probably help a thief carry our belongings out the door. However if I were a criminal, and saw Brutus looking out the windows, there is a good chance that I would just move on to another house before I took my chances on him being a friendly dog.

While the tactics listed below may not make you impervious to identity theft, they will make you a less attractive target. Like a big dog in the window, they may slow the bad guys down enough to make them look for an easier victim.

IDENTITY THEFT PREVENTION MEASURES ANYONE CAN TAKE

Low Tech Measures

- Don't carry your social security card
- Shred your confidential trash
- Do not put sensitive documents in your curbside mailbox

Personal Computing Defense

- Do not open e-mail attachments or click links from unknown senders
- Keep your computer and its security software up-to-date
- Protect your Wi-Fi network with a strong password/encryption level
- Do not conduct sensitive transactions on a public computer or network

Protecting Your Credit

- Check your financial accounts often for unusual activity
- Order your free credit report from the major credit reporting bureaus

Stop Receiving Unsolicited Offers

- By Mail: www.dmachoice.org
- By Phone: www.donotcall.gov
- For Preapproved Credit Cards: www.optoutprescreen.com or 1-888-5-OPTOUT

Self-Defense Techniques to Guard Against Identity Thieves

Now I know what you may be saying. “Those are some great tips to prevent what *could* happen, but what about what may have *already* happened with Equifax?” This is a valid question, and unfortunately there is no perfect response.

Equifax itself has set up some resources for those who may have been affected. To take advantages of those resources, start at www.equifaxsecurity2017.com/ and click through the “Am I Impacted?” and “What Can I Do” areas. One option available through this link is **free credit protection and monitoring**.

“That’s great,” you’re probably thinking, “You just sent me right back to the company that blew it in the first place!” Well there is another option, albeit a more drastic measure. You can “freeze” your credit. A credit freeze essentially seals your credit reports and only “unfreezes” them temporarily with a PIN number known only by you. This means that thieves will not be able to establish new lines of credit in your name, while not having an impact on your existing credit lines. You should be aware that each of the three major credit bureaus may charge a small fee to freeze/unfreeze your credit.

WHO TO CONTACT ABOUT A CREDIT FREEZE

TransUnion (<https://freeze.transunion.com/sf/securityFreeze/landingPage.jsp>)

By Phone: 1-888-909-8872

By Mail: TransUnion LLC

PO Box 2000

Chester, PA 19016

Equifax (https://www.freeze.equifax.com/Freeze/jsp/SFF_PeronalIDInfo.jsp)

By Phone: 1-800-685-1111

By Mail: Equifax Security Freeze

PO Box 105788

Atlanta, GA 30348

Experian (<https://www.experian.com/ncaconline/freeze>)

By Phone: 1-888-397-3742

By Mail: Experian Security Freeze

PO Box 9554

Allen, TX 75013

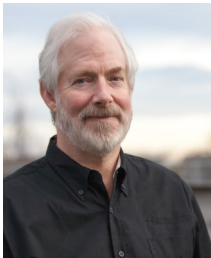
- Article by Matthew Miller

What the Battle Over “The Fiduciary Rule” Means to Investors

We are an independent and objective resource, here to provide unbiased advice free of any potential conflicts of interest.

In fairness to those who may not agree with what I’ve written, there are forces adamantly opposed to the DOL’s Fiduciary Rule. It is their belief that a “suitability standard” offers enough protection to an investor. Instead of having to place his or her interests below that of the client, the suitability standard only details that the financial consultant has to reasonably believe that any recommendations made are suitable, in terms of the client’s financial objectives and appetite for risk. An important distinction may be one of loyalty, in that a broker has a duty to the company he or she works for. This may conflict with the best interests of the client served. It is my opinion that the difference between a fiduciary standard and a suitability standard translates to the difference between agreeing to *not give bad advice* versus committing to *only give the best advice*. A good question, to those unwilling to commit to always acting in the best interests of their clients, may be “whose best interests are you acting in, if not mine?”

- Article by Matthew Miller



James D. Hallett
MSFP, CFP®, AIFA®, ChFC, CLU, CDFATM
jim@hallettadvisors.us



Matthew Miller
Wealth Advisor
matt@hallettadvisors.us

Web: www.HallettAdvisors.us | Email: mail@hallettadvisors.us | Phone: 360-457-6000

Address: 321 E First Street, Port Angeles, WA 98362

